SECRET

DISPOSITION FORM

SECURITY CLASSIFICATION (if any) Classified by J2, Hq FEC 5 May 54 (Date)

(signature)

FILE NO.	SUBJECT (SECRET) Reply to Letter from General Lai, Reference Recruiting Personnel for Intelligence Work

TO C/S FROM J-2 DATE 5 MAY 1954 COMMENT NO. 1

Colonel Messec/jd/265-603

1. Letter dated 22 April from General Lai to General Gaither (Tab A), requests reconsideration of the status of Chinese Nationals being employed for U.S. intelligence purposes, increased pay for officer personnel and more generous gratuities. A reply (Tab B) to the above letter acknowledges helpful cooperation and an understanding of the requests made, but advises General Lai that U.S. policy and considerations for security preclude our accession to his wishes. This reply also indicates that budgetary considerations prevent a more generous pay scale at the present time.

2. In addition, another letter to the Generalissimo is proposed (Tab C). The intent of this letter is to bring to the Generalissimo's attention these requests from General Lai which exceed the provisions of the original agreement between General Gaither and the Generalissimo. Furthermore, it requests his continued support of the program and urges that adequate security measures be taken to protect this sensitive undertaking. The letter written in an appreciative tone, is prepared for the signature of General Hull.

3. Recommend approval of Tabs B and C.

3 Incls
a/s

COPY____OF____COPIES, SERIES A

R. C.

13 May 54
APPROVED C-in-C
Dm for JEH

5-5-9

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DD FORM 1 FEB 50 96 REPLACES NME FORM 96, 1 OCT 48, WHICH MAY BE USED.

311-434-Army-AG Admin Cen-AFFE-500M

DRAFT

SECRET

3 May 1954

SUBJECT: Recruiting of Personnel in Taiwan for US Intelligence Activities in Korea

TO: Air Major General LAI, Ming-tang
Supreme G2
Ministry of National Defense
Republic of China

1. References:

a. FEC letter, file M-108-54 OARMA, subject as above, dated 11 April 1954.

b. MND letter, file 43-004, subject as above, dated 17 April 1954.

c. FEC letter, file M-114-54 OARMA, subject as above, dated 18 April 1954.

d. MND letter, file 43-005, subject as above, dated 22 April 1954.

2. The cooperation and assistance by Generalissimo Chiang Kai-shek and you in this effort in a common cause is greatly appreciated and has been recognized in Reference a and in other communications on this matter. The status of all SACRU personnel in Korea, however, is and must be that of civilians. This requirement is dictated by the over-riding necessity for security.

3. It should be recognized that all agents are performing the same training, missions and duty. Therefore, all should receive the same treatment and basic allowances. On the other hand, a plan to permit additional allowances for team leaders in accord with their greater responsibilities was outlined in paragraph 23g, FEC letter dated 11 April 1954. Morale, esprit and efficiency would be impaired if payment is handled in any other manner.

4. Certain privileges and prerogatives can be worked out between the U S Commander and the senior representative in the form of additional recognition for group leaders and instructors in consonance with paragraph 27 of reference ~~1~~a above. We feel such recognition together with allowances provided in the basic agreement are sufficient to sustain morale and working efficiency.

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SECRET

SUBJECT: Recruiting of Personnel in Taiwan for US Intelligence Activities in Korea (Cont'd)

3 May 1954

5. Any differential in gratuities payable in case of death or total disability is contrary to established US policies. The same sum is paid by the US government in the event of the death of any person in military service. No distinction is made by virtue of grade or length of service.

6. It is regretted that budgetary limitations on this program preclude any increase in the planned obligations for gratuities during the period of employment of these personnel. The amount of gratuity authorized for all individuals alike in this program cannot, therefore, be increased at this time.

RIDGELY GAITHER
Major General USA
ACofS G2

SECRET

APPROVED C-in-C
13 May 54

Generalissimo Chiang Kai-shek
President
Republic of China

Dear Generalissimo:

I deeply appreciate your immediate and complete support and the co-operative assistance of your ~~Supreme~~ Supreme G2 Air Major General LAI, Ming-tang in the recent recruiting of personnel in Taiwan to be employed as civilians within this command. By virtue of their nationality, language and training they should make a sifnificant contribution to our mutual effort against communist aggression.

The personnel recruited have been carefully selected and are currently undergoing training. Equitable terms of employment have been worked out by General LAI with my representatives, and General LAI is now in process of selecting the first two of four boat crews which are a ncessary part of this program.

Arrangements have been made to furnish you, through General LAI, all the information collected through the activities of individuals recurited in Taiwan. It is believed that over a period of time, this program will become increasingly profitable from the standpoint of producing trained personnel as well as intelligence.

Your continued support of this program will be appreciated. I am sure you are aware of the necessity of adequate security measures for this important activity.

I recall with great pleasure and satisfaction my visit with you and your people in January.

With warm personal regards,

SECRET

J. E. HULL
General, United States Army

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